

DEPARTMENT OF THE INTERIOR
Minerals Management Service
Outer Continental Shelf, Central Gulf of Mexico, Oil and Gas
Lease Sale

ACTION: PROPOSED NOTICE OF SALE 175

The Minerals Management Service proposes to hold Sale 175 on March 15, 2000, in accordance with provisions of the Outer Continental Shelf (OCS) Lands Act (43 U.S.C. 1331-1356, as amended) and the regulations issued thereunder (30 CFR Part 256).

Bidders will be required to submit bids to the MMS at the Gulf of Mexico Regional Office (1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394) by 10 a.m. on the day before the sale, Tuesday, March 14, 2000. The MMS will specify procedures for bid submission in the final Notice of Sale. The MMS will begin the public reading of bids at 9 a.m., Wednesday, March 15, 2000, at a New Orleans hotel site to be determined.

The MMS has prepared a "Proposed Sale Notice Package" containing information essential to potential bidders. Interested parties can obtain the Proposed Sale Notice Package by writing or calling the:

Gulf of Mexico Public Information Unit
Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
Telephone: (504) 736-2519 or (800) 200-GULF
MMS 24-hour Fax-on demand: (202) 219-1703
Website: <http://www.mms.gov>

The MMS proposes to offer for bidding in this sale all those unleased blocks in the Central Gulf of Mexico Planning Area except the following unleased blocks or partial blocks:

Blocks previously leased whose current unleased status is under appeal; at this time, this includes only Viosca Knoll Block 69; and

Blocks which are beyond the United States Exclusive Economic Zone and have been temporarily deferred from leasing by the Department of the Interior due to ongoing negotiations with the Government of Mexico:

<u>Area NG 15-9</u>	<u>Area NG 16-7</u>
Blocks	Blocks
133 through 135	172, 173
177 through 184	213 through 217
221 through 238	252 through 261
265 through 281	296 through 305
309 through 320	349
358	

Proposed primary lease terms, royalty rates, rental rates, minimum bids, and royalty suspension areas are delineated on the map "Lease Terms and Economic Conditions, Sale 175, Proposed" for leases resulting from this sale:

Primary lease terms: 5 years for blocks in water depths of less than 400 meters; 8 years for blocks in water depths of 400 to 799 meters; and 10 years for blocks in waters depths of 800 meters or deeper;

Minimum bids: \$25 per acre or fraction thereof for blocks in water depths of less than 800 meters and \$37.50 per acre or fraction thereof for blocks in water depths of 800 meters or deeper;

Annual rental rate: \$5 per acre or fraction thereof for blocks in water depths of less than 200 meters and \$7.50 per acre or fraction thereof for blocks in water depths of 200 meters or deeper, until initial production is obtained;

Royalty rates: 16 $\frac{2}{3}$ % royalty rate for blocks in water depths of less than 400 meters and a 12 $\frac{1}{2}$ % royalty rate for blocks in waters depths of 400 meters or deeper, except during periods of royalty suspension;

Royalty Suspension Areas: Royalty suspension **may** apply for blocks in water depths of 200 meters or deeper; see the map for specific areas. See 30 CFR 203 for the final rule specifying royalty suspension terms.

The map titled "Stipulations and Deferred Blocks, Sale 175, Proposed" depicts the blocks where the four stipulations apply: 1. Topographic Features, 2. Live Bottoms, 3. Military Areas, and 4. Blocks South of Baldwin County, Alabama (this stipulation is the same as the one used in Sale 172 and would apply to these currently unleased blocks in proposed Sale 175: Mobile Area, Blocks 829, 957, 958, and 1001). The text of the proposed lease stipulations is contained in the document "Lease Stipulations for Oil and Gas Lease Sale 175, Proposed" included in the Proposed

Sale Notice Package. Also shown on this map are the deferred blocks referred to above.

The MMS will require a deposit of one-fifth of the bonus bid for each bid submitted. On July 28, 1999, the MMS published in the Federal Register (64 FR 40764) a final rule revising 30 CFR 256.46(b) to provide the MMS the option of requiring a specific method (or methods) of payment of the deposit on bonus bids submitted at OCS lease sales. Under the authority granted by this new rule, the MMS will **require** high bidders to use electronic funds transfer (**EFT**) procedures for payment of the deposit on bonus bids for Sale 175. The MMS will specify the procedures for making these payments in the final Notice of Sale.

After the Governors of the affected States (Alabama, Mississippi, Louisiana, and Texas) have had an opportunity to comment on the size, timing, and location of the proposed sale, as required by section 19 of the OCS Lands Act, the Assistant Secretary for Lands and Minerals Management will make a decision on the final Notice of Sale. The Department of the Interior reserves the right to revise the areas proposed for bidding and associated terms and conditions described in this proposed notice. If the Assistant Secretary decides to proceed with the sale, a final Notice of Sale for Central Gulf of Mexico Sale 175 will be published in the Federal Register at least 30 days prior to the date of the public bid reading. A "Final Notice of Sale Package" containing all sale terms and conditions and detailed instructions to bidders will also be available at that time from the MMS Gulf of Mexico Public Information Unit.